



## Employment and Training Administration

### Notice of the Federal Unemployment Tax Act (FUTA) Credit Reductions Applicable for 2022

Sections 3302(c)(2)(A) and 3302(d)(3) of FUTA provide that employers in a state that has outstanding advances under Title XII of the Social Security Act on January 1 of two or more consecutive years are subject to a reduction in credits otherwise available against the FUTA tax for the calendar year in which the most recent such January 1 occurs, if advances remain on November 10 of that year. Further, Section 3302(c)(2)(C) of FUTA provides for an additional credit reduction for a year if a state has outstanding advances on five or more consecutive January 1 and has a balance on November 10 for such years. Section 3302(c)(2)(C) provides for waiver of this additional credit reduction and substitution of the credit reduction provided in Section 3302(c)(2)(B) if a state meets certain conditions.

California, Connecticut, Illinois, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania, and the US Virgin Islands (USVI) had outstanding advances on January 1 for two or more consecutive years and employers in these states were potentially subject to a FUTA credit reduction in 2022. However, Colorado, Massachusetts, Minnesota, New Jersey, and Pennsylvania repaid their outstanding advances before November 10, 2022. As a result, employers in these states are not subject to a FUTA credit reduction for 2022. California, Connecticut, Illinois, and New York did not repay their outstanding advances before November 10, 2022. Therefore, employers in these states are subject to a FUTA credit reduction of 0.3 percent for 2022.

Employers in USVI were potentially liable for the additional credit reduction under Section 3302(c)(2)(C) of FUTA. The jurisdiction applied for the waiver of this additional credit reduction and the Employment and Training Administration determined that USVI met each of

the criteria necessary to qualify for the waiver of the additional credit reduction. Therefore, employers in USVI will have no additional credit reduction applied for calendar year 2022. However, because USVI has had an outstanding advance on each January 1 from 2010 through 2022, and maintained an outstanding balance on November 10, 2022, employers in USVI are subject to a FUTA credit reduction of 3.6 percent in 2022.

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[FR Doc. 2022-26085 Filed: 11/29/2022 8:45 am; Publication Date: 11/30/2022]